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## GARBUZOV, BAYBAKOV REPORTS TO USSR SUPREME SOVIET

### Garbuzov Report

Moscow PRAVDA in Russian 15 Dec 77 pp 3-4 LD

[Apparent text of report by Deputy V. F. Garbuzov, USSR finance minister, at 14 December USSR Supreme Soviet session: "On the USSR State Budget for 1978 and the Implementation of the State Budget for 1976"]

[Text] Comrade deputies:

The USSR Council of Ministers presents for your examination and ratification the USSR state budget for 1978--the third year of the 10th Five-Year Plan.

The work of the present session of the Supreme Soviet is taking place in significant days. Our country is undergoing an unprecedented upsurge in the masses' political and labor activeness, evoked by the glorious jubilee of the Great October Socialist Revolution and the nationwide discussion and adoption of the new USSR Constitution--the law of the life of a developed socialist society.

Soviet people, unanimously approving the constitution, confirmed with new force that they fully support the domestic and foreign policy of our state and the Communist Party and the purposeful, fruitful activity of the CPSU Central Committee and its Politburo, headed by Comrade L. I. Brezhnev, the true continuer of the great Lenin's cause and an outstanding fighter for peace and social progress.

A new scope has been assumed this year by nationwide socialist competition for the successful implementation of the program for the country's economic and social development, advanced by the 25th CPSU Congress. Millions of working people in city and countryside have fulfilled and overfulfilled their pledges and counterplans adopted to mark the jubilee of the Great Revolution and the adoption of the new constitution. This helped to promote a further upsurge in all sectors of the national

economy, the progress of our socialist society and the successful fulfillment of the plan targets for the second year of the five-year plan.

The Soviet Union's economy is continuing to develop dynamically. Scientific and technical progress are accelerating, and the achievements of science and technology are being widely introduced into production. Output of industrial production will grow by 5.8 percent in the current year, and more than R6 billion worth of goods for the population and for the needs of the economy will be produced and sold above the plan. Labor productivity is increasing steadily and profits in industry are growing.

The comprehensive program for the development of agriculture worked out by the Communist Party is being consistently implemented, and the material and technical base of agriculture is growing stronger. This year, which was far from the best--not even average--in terms of weather conditions, 195.5 million tons of grain and about 15 million tons of meat have been produced, and a record cotton harvest--8.7 million tons--has been obtained. The results achieved confirm the correctness of our party's course aimed at boosting this vitally important sector of the national economy.

In the conditions of developed socialism and on the basis of the uninterrupted growth of the whole national economy and the combination of the scientific and technical revolution with the advantages of the socialist organization of society, an appreciable turn in the economy toward increasingly full satisfaction of people's diverse material and cultural demands has become possible.

In the current year an increase in the minimum wage in all the sectors of the national economy throughout the country has been fully accomplished. An increase in the salaries and wage rates for average-paid categories of workers in nonproduction sectors is taking place and has already been implemented in the regions of the far north and in areas equated with them in the European north, the Far East and Siberia. Supplementary wage allowances for workers in several eastern regions of the country have been introduced. The work payment and pension security of several categories of workers in individual sectors of industry and in railroad transport have been increased.

Dwellings are being constructed on an immense scale, and the housing conditions of another 11 million people will improve in the current year alone. The network of hospitals and clinics is being extended, a large number of schools and preschool institutions have been constructed, and the system of health care and people's education has undergone further development.

With the growth in the population's income, the sale of consumer goods is growing, their range is widening and their quality is being improved.

Retail trade turnover will increase in the current year by R10 billion, or 4.5 percent. The volume of consumer services has also grown.

During the year, work has taken place on the mobilization of internal economic reserves and the observance of the practice of thrift in the expenditure of state resources. As a result of the successful fulfillment of the national economic plan, the USSR state budget for 1977 will be implemented by 101.4 percent in income and 99.8 percent in expenditure.

The great success in the implementation of the 25th CPSU Congress decisions and the imposing plans advanced by the Communist Party for the future inspire the Soviet people to the fulfillment and overfulfillment of the targets for the coming third year of the five-year plan and the scaling of new heights in communist building.

#### USSR State Budget for 1978

Comrade deputies: A tremendous, mobilizing role in the implementation of the socioeconomic program advanced by the 25th CPSU Congress will be played by the CPSU Central Committee plenum held on 13 December 1977. The CPSU Central Committee plenum approved in the main the draft state plan for economic and social development and the USSR budget for 1978.

The speech delivered by Comrade L. I. Brezhnev, general secretary of our party's Central Committee and chairman of the USSR Supreme Soviet Presidium, provides a profound and comprehensive analysis of the most urgent problems in economic building and outlines specific paths for achieving new heights in the successful implementation of the 10th Five-Year Plan.

The draft USSR state budget for 1978 has been elaborated on the basis of the decisions of the 25th CPSU Congress and the CPSU Central Committee October (1976) plenum and the draft plan for economic and social development.

The plan and budget reflect the vast scale of economic and cultural building and the tasks involved in further developing all sectors of the national economy, increasing social production efficiency and improving the quality of work.

The USSR state budget is submitted for ratification by the USSR Supreme Soviet in terms of revenue totaling R246.2 billion and expenditure of R246.0 billion, with revenue exceeding expenditure by R231 million; the USSR state budget for 1978 will exceed the budget ratified for the current year by 3.1 percent.

The budget provides the necessary resources for developing the national economy, for raising the working people's material and cultural living standards and for strengthening the Soviet state's defense capability.

Budget revenue in the main areas will be:

	(Billions of rubles)	
	1977	1978
	<u>(as ratified)</u>	<u>(draft)</u>
Income from the socialist economy	216.7	223.2
Including:		
Payments made out of state enterprise profits	78.4	78.5
Turnover tax	73.3	76.5
Social insurance contributions made by state enterprises and organizations, income tax paid by kolkhozes, income from foreign trade and other revenue	65.0	68.2
Payments by the population	22.2	23.0

Budget revenue has been fixed on the basis of the increase in production output and the reduction in output cost provided for by the plan. Profits are to total R118.5 billion, or 9.1 percent more than the expected total for the current year. Reductions in outgoings on production and turnover are to provide approximately half of the total increase in profits. Almost 40 percent of the total amount of profits is being placed at the disposal of enterprises and organizations for expanding production and providing economic incentives.

In accordance with the planned volume of production and sales and the range of goods, turnover tax is expected to produce R3.2 billion more than this year's plan figure.

Income tax paid by kolkhozes is calculated to total R0.7 billion, this being equal to the current year's plan figure.

State taxes levied on the population are planned to raise R21.6 billion; this figure is based on the wages fund provided for by the plan and the existing tax rates.

USSR state budget expenditure in the main areas of the country's economic and social development will be:

	(Billions of rubles)	
	1977	1978
	<u>(as ratified)</u>	<u>(draft)</u>
National economy	123.4	125.7
Social and cultural measures	83.9	87.5
Defense	17.2	17.2
Administration	2.0	2.1



In accordance with the 25th CPSU Congress decisions, in 1978 it is planned to take steps for the further improvement of the Soviet people's life. There will be increases in wages and salaries for average-paid working people in nonproduction sectors in the Urals, Kazakhstan, Central Asia, the Volga-Vyatka region and the Povolzhye; wages are increased for some categories of working people employed in ferrous and nonferrous metallurgy, the textile industry, construction and agriculture.

It is planned to increase the standard rates of spending on food and medical provisions in a number of health establishments and residential homes for invalids and the very old; to introduce supplementary pension allowances for kolkhoz members and certain other categories of the population; to increase grants for students at vocational and technical schools who are learning difficult professions up to the equivalent of the wages rates for workers in the first skill-category and to make textbooks free for pupils in the lowest grades of general education schools and implement other measures.

State expenditure on measures to raise the population's living standards in the [presumably first] 3 years of the five-year plan will total R9.0 billion, estimating for 1978, and this figure will include an allocation of more than R3.2 billion for new measures implemented in 1978--double the expenditure for this purpose in the current year. In addition, the repayment of bonds relating to internal state loans raised by subscription among the population and the kolkhozes in the past will be continued.

Social consumption funds, which provide for the satisfaction of the Soviet people's varied social and spiritual needs, will increase by R5.5 billion to total R105 billion. Moreover, USSR state budget expenditure on social and cultural measures will total R87.5 billion--an increase of 4.4 percent over the current year's expenditure.

Expenditure on developing the national economy out of the budget, enterprises' and organizations' own resources and long-term bank credit will total R255.1 billion or R1.3 billion more than the current year's plan. These resources will make it possible to increase spending on the modernization of existing enterprises and on new construction, to implement an extensive program for the further boosting of agriculture, and to expand the output and raise the quality of industrial goods and food products for the population.

The Communist Party attaches great importance to the development of Soviet science, which has the task of making a tremendous contribution to the resolution of the most important tasks in building communism. Expenditure on scientific research work out of the budget and out of enterprises' and economic organizations' own resources will total R19.1 billion in 1978, or R0.8 billion more than in the current year. It is essential that resources allocated for the development of science are utilized with maximum efficiency. The plan and budget for 1978 take

account of measures for implementing the foreign economic policy of the Communist Party as advanced by the 25th CPSU Congress. It is planned to develop at a rapid pace and to deepen comprehensive fraternal cooperation and comradely mutual assistance between the Soviet Union and the countries of socialism on the basis of the principle of socialist internationalism and participation in economic integration and in international socialist division of labor.

There will be further development of mutually advantageous trade and economic ties with the industrially developed capitalist countries, proceeding on the basis of the principle of peaceful coexistence and taking into account the relaxation of international tension which is in progress. Foreign trade and other economic relations with the developing countries will be expanded on a mutually advantageous basis.

Comrade deputies: The USSR state budget is a budget of peace and creation. The budget is aimed at the implementation of great new tasks in economic and cultural building, at giving a further boost to the socialist economy and at raising the living standards of Soviet people.

#### Financing of Industry and Transport

Comrade deputies, in accordance with the 25th party congress decisions, our country's industry is insuring increasingly full satisfaction of the demands of the national economy and the population for high-quality production and for the technical reequipment and intensification of production in all sectors.

The plan for 1978 provides for a 4.5-percent growth in industrial production. The sectors which determine technical progress will develop most rapidly. The production of progressive and economical kinds of machinery, equipment and instruments for the national economy will be expanded and there will be a substantial increase in the output of consumer goods.

The financing of industry out of the state budget, enterprise resources and credit in 1978 will amount to R134.5 billion, or 3.3 percent more than in the current year. Some R112.1 billion of that is allocated for the development of machine building, the fuel and energy sectors, metallurgy, the chemical industry, the power industry and other sectors of heavy industry, which is the firm basis of scientific and technical progress throughout the national economy.

Large resources are being directed into the further development of the light, food, meat and dairy, local and fish industries and also the provision of public amenities. The financing of those sectors in 1978 is set at R22.4 billion, or an extra 3.4 percent.

There are plans in 1978, in accordance with the CPSU Central Committee and USSR Council of Ministers resolution on the expansion of production

of consumer goods, to increase the output of cultural and consumer goods and household appliances by 7 percent. There are also plans to renew the range and improve the quality of goods answering modern requirements [IZVESTIYA adds: and public demand].

The profits of enterprises are growing with the development of production facilities. The profits of industrial enterprises next year are outlined at R71.3 billion, which is 8.8 percent more than the performance expected in the current year. Further intensification of social production--improved exploitation of fixed capital, a reduction in the material-intensiveness of output and an increase in labor productivity--are of decisive significance for developing production facilities and accumulating profits.

The plan for 1978 outlines a 3.8 percent increase in labor productivity in industry, which is to insure 85 percent of the increase in industrial output.

The improvement of the organization of labor and the material incentive system will contribute to the resolution of this highly important task. The CPSU Central Committee and USSR Council of Ministers resolution adopted this year made material incentives for workers at production associations and enterprises largely dependent on their labor contribution and also raised the responsibility of economic leaders and the entire collective at enterprises for the fulfillment of set plans and contractual obligations. The more rational utilization of economic incentive funds, which in 1978 will amount to R27.2 billion--an increase of 2.6 percent--must also be subordinated to this.

One of the main conditions for labor productivity growth is the technical updating and organizational improvement of production.

The Communist Party, guided by the 25th CPSU Congress decisions, is consistently following a line aimed at the acceleration of scientific and technical progress.

The raising of the technical standard of production and the introduction of progressive technological processes and means of mechanization and automation are having a tremendous economic effect and making it possible to increase socialist accumulations. According to calculations by the USSR Gosplan, as a result of the application of advanced equipment and technology, the labor of more than 1 million workers will be saved in 1978.

The use of computer equipment in the production process, planning and economic administration also yield considerable savings.

Leading enterprises and sectors are achieving major improvements in the exploitation of fixed production capital by introducing new equipment

and improving the organization of production and labor. For instance, in the past 2 years, there has been an increase in the return on investment in the Ministry of the Machine Tool and Tool Building Industry, the Ministry of Instrument Making, Automation Equipment and Control Systems and some other ministries. However, not all ministries are using the resources for increasing the return on investment in the proper way.

Serious shortcomings in the utilization of production capital exist in enterprises of the USSR Ministry of the Pulp and Paper Industry, the Ministry of the Timber and Wood-Processing Industry and the Ministry of the Construction Materials Industry.

The USSR Council of Ministers has instructed ministries and departments and union republic councils of ministers to insure an improvement in the utilization of existing fixed capital by the intensification of production processes, an increase in the shift index at enterprises, the elimination of machine and equipment idle time and also the speedier achievement of rated technical and economic indicators at newly commissioned enterprises.

Raising output quality must be at the center of attention of our economic executives at enterprises, associations and ministries. High quality, as the 25th CPSU Congress pointed out, means saving labor and material resources, increasing export opportunities and in the final analysis satisfying the demands of society better and more fully.

In recent years, a number of measures have been implemented to stimulate an improvement in the quality of output. This has had a positive effect on the production of output meeting the modern requirements of science and technology. There has been an increase in the proportion of articles bearing the state seal of quality. About 45,000 brands of industrial products currently bear the state seal of quality. More than half the total output produced by leading enterprises bear the state seal of quality.

The introduction in a number of ministries of incentive increments on wholesale prices for new, technically sophisticated output has contributed to stimulating the production of new industrial engineering output and advanced equipment. A substantial amount of the additional profit obtained from these increments is directed to the creation of economic incentive funds in associations, enterprises and scientific research and planning and design organizations to encourage their work in creating, assimilating and introducing new equipment.

The USSR Council of Ministers has instructed ministries and departments to insure an increase in the production of articles in the top quality category and speedier updating of the range of consumer goods and to expand the production of articles meeting modern requirements. Organs

of the state committee for standards, in turn, are called on to approach the important state matter of the certification of output and the granting of the seal of quality with greater strictness and objectivity.

The plan and budget set an average target of 0.6 percent for reducing the prime cost of industrial output, which should provide a great saving. The rational and economical utilization of raw and other materials, fuel, electricity and thermal energy is of great significance for meeting this important target.

In this connection, the USSR Council of Ministers has instructed ministries, associations and enterprises to strive to reduce in every way the materials-intensiveness of output through the broader utilization of progressive design options, improvements in technology, reductions in unit expenditure of raw and other materials, the more comprehensive and complete processing of these materials, and the better utilization of secondary resources.

The putting into circulation of above-normative commodity stocks and the acceleration of the rate of circulation of operating capital are of great importance for expanding production and increasing accumulations. The plan and budget for the coming year envisage that R2.8 billion will be released as a result of these factors.

An increasing role in implementing the vast program for the development of the country's economy belongs to transport, which is called upon to insure the smooth interaction and stable operation of all the components of the economic mechanism, to improve the servicing of the national economy in every way, and to satisfy the population's requirements for transport services more fully.

In 1978, expenditure on financing transport and communications will increase 13.2 percent to a total of R23.7 billion. Some R7.3 billion are being channeled into the development of railroad transport for the laying of new track and the doubling of existing single tracks, the acquisition of rolling stock, and other measures in 1978. Here, considerable funds are being allocated for providing technical facilities for railroads and also for continuing the construction of the Baykal-Amur railroad and subway systems.

The Ministry of Railways must take steps to insure the fuller utilization of internal reserves and improve the work of railroad transport.

The implementation of the impressive plans which the party has set for developing the national economy and raising its efficiency require improvements in planning and economic incentives.

In accordance with the CPSU Central Committee's instructions, preparations are now nearing completion for a set of measures aimed at fulfilling

this important task. The implementation of these measures will prompt enterprises to make better use of production capital, to be more economical in expending raw and other materials, to introduce new equipment more rapidly, to increase labor productivity, and to raise output quality.

The Communist Party regards measures to improve leadership of the economy as a most important reserve whose utilization will help the successful completion of the 10th Five-Year Plan and will have an effect in the immediate future.

### The Financing of Agriculture

Comrade deputies, the Communist Party is consistently pursuing an agrarian policy directed toward transforming agriculture into a highly developed sector of the socialist economy.

Agriculture is becoming more productive and stable and its efficiency is rising. Work on land reclamation and the mechanization and chemicalization of agriculture is being developed on a large scale.

The accelerated intensive development of all sectors of agricultural production is planned in accordance with the decisions of the 25th CPSU Congress. This will make it possible to achieve the fundamental solution of the food problem and to satisfy more fully industry's raw material requirements and to create essential state reserves of agricultural produce.

In the forthcoming year, R44.9 billion, that is, almost R1 billion more than in the present year, will be channeled into the development of agriculture from the budget, state agricultural enterprises' own resources and bank credits.

The total of capital investments in agriculture is planned to be R33.5 billion. Of these, the kolkhozes will make capital investments using their own resources and bank credits totaling R10.8 billion.

Next year, the construction of complexes for the production of livestock produce on an industrial basis and of livestock units will be carried out on a large scale, and the delivery of tractors, combines and other highly productive equipment and fertilizers to kolkhozes and sovkhoses will be increased.

Great tasks in this respect face the All-Union Soyuzselkhoztekhnika Association, which must increase its role in the development of designs for new machinery and improve the organization of repairs and technical servicing. Total Soyuzselkhoztekhnika commodity turnover in providing sovkhoses and kolkhozes with material and technical supplies will grow in 1978 by 6 percent and will reach R21 billion.

The CPSU Central Committee and USSR Council of Ministers, in their recently adopted resolution, instructed union-republic councils of ministers, ministries and departments and sovkhoz and kolkhoz leaders to raise considerably the efficiency of the use and maintenance of the machine and tractor pool and equipment and their specialized technical servicing and to increase the shift and daily output of machinery.

The Communist Party devotes unslackening attention to carrying out land reclamation and insuring that a high, stable harvest is obtained. In 1978, a total of R9.3 billion, or 6.2 percent more than in the present year, is being allocated from the state budget for capital investments and the exploitation of reclamation systems and land improvement, which will make it possible to conduct work on irrigating and draining 1.8 million hectares of land and irrigating 7.2 million hectares of pasture-land. It is essential that the tremendous areas of reclaimed land are used most productively and that the resources granted for this give a high return.

An important place in the comprehensive plan for raising agricultural production is occupied by the transformation of the nonchernozem zone of the RSFSR, which must become a region of highly productive agriculture and stock raising. A total of R7.6 billion, or 14.5 percent more than this year, will be directed into capital investments and other measures for the agricultural development of this zone by the state and kolkhozes.

In accordance with the 25th CPSU Congress decisions the specialization and concentration of agricultural production on the basis of interfarm cooperation and agro-industrial integration is being carried out on a large scale. At the present time there are more than 7,000 interfarm enterprises, organizations and associations many of which have been created by the joint efforts of state enterprises and kolkhozes. This is a new phenomenon in our socioeconomic practice designed to promote the growth of agricultural production, raise the level of socialization of kolkhoz production and bring the kolkhoz cooperative and the state (nationwide) forms of ownership closer together.

The resolution recently adopted by the CPSU Central Committee and the USSR Council of Ministers on measures to further improve the provision of cultural services for the rural population is of great importance for the communist education of the Soviet people and for narrowing the gap between the living standards of the urban and rural population. The implementation of the measures outlined will promote the solution of political, economic and social tasks facing agricultural workers.

Sovkhoz and kolkhoz money accumulations increase with the development of agriculture. The profit of sovkhozes and other state agricultural enterprises for 1978 has been set at a total of R2.8 billion. Nearly all the profit is intended to remain at the disposal of the farms and to be

directed toward expanding production, forming economic incentive funds and other planned measures. Moreover, in the new year sovkhoses will have at their disposal financial reserves worth R1.8 billion in the form of an insurance fund, a fund for strengthening and expanding the farm and also a free residue of profit and depreciation.

Leaders of agricultural organs, sovkhoses and kolkhoses must adopt all the necessary measures for the most efficient use of the tremendous resources allocated by the state for the development of agriculture and uncover and bring into operation the large reserves which exist for expanding production, reducing the prime cost of output and increasing accumulations.

### The Financing of Capital Construction

Comrade deputies, the implementation of the majestic communist building program adopted by the 25th CPSU Congress largely depends on the fulfillment of the plans outlined for capital investment and the growth of investment effectiveness.

The 2 years of the five-year plan which have elapsed have seen the construction of a large number of new factories and plants, the expansion of existing enterprises' capacities and the commissioning of R220 billion of technically advanced fixed capital. Construction of cultural and consumer services projects has been carried out on a broad scale.

Capital investments in 1978 will total R125.5 billion--3.4 percent more than in the current year. Finance from state capital investments has been set at a figure of R110.6 billion.

With a view to improving national economic and sector proportions in 1978 it is planned to accelerate the rate of growth of capital investment in the chemical and fuel sectors of industry, metallurgy, railroad transport, machine building and other sectors.

Housing construction has been allocated R17.0 billion, which will finance the construction of a total of 110.1 million square meters of housing.

The 25th CPSU Congress set the task of increasing the effectiveness of capital investments, accelerating the commissioning and startup of new production capacities and increasing and qualitatively improving fixed capital. To resolve this task it is essential to improve the planning, design and organization of construction work and to reduce the duration and cost of construction.

Capital investments are being allocated primarily for the technical reequipping and modernization of existing enterprises in order to obtain the maximum increase in output for the least expenditure.



The plan and budget for 1978 provide for the concentration of capital investments on construction projects of important significance for the fulfillment of the five-year plan targets. It is planned to carry out 58 percent of the volume of construction and installation work relating to projects for production purposes at construction projects nearing completion and to reduce the number of newly started construction projects. This will make it possible to accelerate the commissioning of fixed capital and to reduce above-normative levels of uncompleted construction.

The growth of the effectiveness of capital investments will be promoted by the increased proportion of total capital investments which the plan envisages for expenditure on equipment--an increase made possible by the reduction in the proportion attributable to construction and installation work. More than R40 billion is being allocated for purchasing equipment and machinery next year.

Equipment supplies must be completely in accordance with the prescribed schedules for the construction of projects on the basis of this equipment.

At the same time, there are numerous instances when equipment deliveries are not coordinated with construction schedules. This leads to the buildup on construction sites of large stocks of equipment which remain uninstalled for a long time and obsolesces. There are extremely substantial stocks of above-normative uninstalled equipment at enterprises and on construction sites belonging to the Ministry of the Chemical Industry, the USSR Ministry of Ferrous Metallurgy, the Ministry of the Automotive Industry and a number of other ministries.

The plan and budget for 1978 provide for targets to mobilize internal resources worth R2.1 billion, primarily through the reduction of above-normative stocks of uninstalled equipment.

This year the USSR Council of Ministers examined the question of the utilization of imported equipment, instructed USSR ministries and departments to take all necessary steps to improve orders for supplies of such equipment and established a new credit procedure with a view to insuring the speediest commissioning of construction projects built on the basis of imported equipment.

The plan and budget for 1978 envisage a profit of R8.3 billion from construction and installation work. Construction organizations have big reserves whose mobilization will make it possible to improve their economic performance and insure the fulfillment and overfulfillment of their profit targets and budget commitments.

The growth of the efficiency of capital construction will also be promoted by the completion of the transfer of construction and design planning organizations to the new method of planning and economic incentive, which insures high indicators in the fulfillment of plan targets. Every use should be made of this reserve.

Good results are being recorded by the construction organizations of the Belorussian ministries of industrial construction and installation and special construction work, which are implementing an integrated system of measures to further develop and deepen financial autonomy [khozraschet] in construction trusts while simultaneously introducing khozraschet methods of leadership at all levels of construction management. The application in construction of the team contract, which provides for the development of khozraschet at the lowest level on the basis of better manpower organization and broader participation by worker collectives in production management, represents a substantial reserve for raising labor productivity, reducing the duration of construction and reducing the prime cost and improving the quality of construction and installation work. Over 50,000 teams--more than 26 percent of the total--have already switched to this form of management.

Measures are currently being formulated to further improve planning and economic incentives--measures aimed at creating working conditions for construction organizations which will promote to an even greater extent the solution of the main task facing construction workers: accelerating the commissioning of projects under construction and raising the quality and reducing the cost of construction.

The task of improving construction requires an increase in supervision by ministries, departments and USSR Gosbank and USSR Stroybank organizations of the correct and efficient utilization of the enormous resources allocated for capital investment.

#### The Financing of Trade and Consumer Services

Comrade deputies, the increase in industrial and agricultural production and in the population's money incomes insures the constant development of Soviet trade and consumer services. In accordance with the 25th CPSU Congress decisions, the volume of retail trade turnover is increasing, the trade network is being expanded and forms of trade services which are convenient for the consumer are being introduced.

Retail trade turnover in 1978 will total R238 billion--a 3.9 percent increase compared with trade turnover this year. The volume of consumer services next year will reach R6.9 billion--an 8.5 percent increase over the current year.

Some R5.7 billion--a 3 percent increase--is being channeled into the financing of state and cooperative trade in 1978. Finance for consumer services from the budget and enterprises' resources has been set at R1.4 billion--an 8.4 percent increase.

The CPSU Central Committee and USSR Council of Ministers recently adopted a resolution on measures to further develop trade which provides for a whole range of measures to improve the organization of trade and public

catering and raise the standard of trade services. Targets have been set for expanding the trade network, developing progressive forms of trade and introducing all possible means for mechanizing and automating trade processes and strengthening economic ties with enterprises.

At the same time the CPSU Central Committee and USSR Council of Ministers noted that serious shortcomings are occurring in the work of trade enterprises and organizations, that the quality of trade services does not always meet the population's increased requirements and that interruptions in the trade in individual commodities are tolerated even though these commodities are available in trading organizations' warehouses.

Union republic councils of ministers, the USSR Ministry of Trade and the Tsentrosoyuz and their local organs must intensify their supervision of the work of trade and public catering enterprises, study the public's demand for commodities, raise the standard of trade and exert a more active influence on enterprises with a view to broadening the range and improving the quality of the commodities being produced.

#### Financing Social and Cultural Measures

Comrade deputies, the highest aim of social production under socialism, the USSR Constitution records, is to meet most fully the people's growing material and spiritual requirements. Under the conditions of developed socialism, the creative force of the new system and the advantages of the socialist way of life are being disclosed increasingly fully, and increasingly broad use is being made of the fruits of the great revolutionary achievements.

In accordance with the 25th party congress decisions, a broad program is being implemented to develop public education and culture, to strengthen the health of the Soviet people and to improve social security.

The USSR state budget's spending on social and cultural measures in 1978 is planned to total R87.5 billion, which is 4.4 percent more than this year's expenditure.

Spending on the separate types of social and cultural measures will total (in billions of rubles):

	1977 (as ratified)	1978 (draft)
Public education, science and culture	34.8	36.1
Public health and physical culture	12.0	12.6
Social security and social insurance	37.1	38.8

In addition, state enterprises and organizations, kolkhozes and consumer cooperatives will direct their own resources to these purposes in the sum of more than R22 billion.

The Soviet state, guaranteeing the citizens' right to education, has largely completed the introduction of universal secondary education and is carrying out the training of worker cadres and specialists on a wide scale.

State budget expenditure on general education schools in 1978 will total more than R10 billion. Considerable sums are being allocated to strengthen the schools' material and technical base, to construct new schools and to equip them with modern technical facilities, teaching equipment and supplies.

In 1978, the total number of children in preschool establishments, including kolkhoz ones, will reach 13.4 million. State spending for this purpose will total R4.3 billion, an increase of 4.0 percent.

A high level of development has been reached in the Soviet Union by the system of vocational and technical education, which has become the basis for training skilled worker cadres for the national economy and makes a significant contribution to implementing the universal secondary education of youth.

The budget for 1978 allocates R2.2 billion to finance vocational and technical educational institutions, in which 3.6 million people will be trained, or 200,000 more than this year.

A broad system of measures is being implemented in our country to broaden and raise the standard of training of specialists with higher and secondary qualifications. Some 9.8 million people will be studying in VUZes and technical colleges in 1978. The financing of VUZes and technical colleges is envisaged in the sum of R4.9 billion, or 3.4 percent more than this year. The funds being provided are being directed toward developing and strengthening the material and technical base of educational institutions and improving the training of specialists.

The Soviet state displays constant concern for safeguarding and improving the health of the whole population. State protection of the health of the Soviet people is insured with the necessary resources. In the budget for 1978, spending on public health and physical culture will total R12.6 billion, or R600 million more than this year.

In a recently adopted resolution, the CPSU Central Committee and the USSR Council of Ministers outlined a broad program of measures to further improve medical services to the population. It envisages improving the organization and strengthening the material base of public health establishments, extending the network of hospitals and polyclinics, increasing the production of medical equipment and highly effective medicines and raising the quality of medical aid.

Our state directs large sums to the working people's social insurance and social security. The budget for 1978 allocates R38.8 billion for these purposes, or 4.5 percent more than the expected fulfillment during the current year.

Expenditure on the payment of pensions to workers, employees and kolkhoz members will total R29.1 billion, or R1.3 billion more than the expenditure in 1977. The budget also takes into account expenditure on the payment of child allowances to a total of R1.35 billion.

The budget's expenditure takes into account the measures envisaged by the recently adopted CPSU Central Committee and USSR Council of Ministers resolution on improving pension security for kolkhoz members, raising maximum pensions for workers in ferrous and nonferrous metallurgy and also on further improving services for aged people and invalids living in residential homes.

The USSR state budget for 1978 includes the state social insurance budget drawn up and fulfilled by the AUCCTU in the sum of R31.4 billion, that is, R1.6 billion more than in 1977. In the coming year, the trade unions will use these funds to send 12.2 million workers and employees for treatment and relaxation on free and concessionary passes and to send 11 million children to pioneer camps and sanatoriums.

Our state annually provides vast funds for the implementation of social and cultural measures. Ministries, departments, union republic councils of ministers and local soviets of people's deputies must insure the unconditional fulfillment of plans for the further development of social and cultural establishments. The funds allocated must be utilized rationally [here IZVESTIYA adds "and to the greatest benefit of the population"].

#### The Financing of Defense and Administration

Comrade deputies, the Soviet Union is consistently conducting a peace-loving foreign policy and a Leninist course aimed at peaceful coexistence between states with different social systems.

The Communist Party and the Soviet state, guided by the program of the further struggle for peace and international cooperation, for freedom and the security of peoples adopted by the 25th CPSU Congress, are persistently striving for the deepening of the relaxation of international tension and the ending of the arms race.

While applying great efforts for the consolidation of peace, our state is at the same time insuring the country's security and defense capability and supplying the USSR Armed Forces with everything necessary. In the USSR state budget for 1978 defense expenditure of R17.2 billion is envisaged, which constitutes 7 percent of total budget expenditure.

Comrade deputies, one of the main reserves for the successful fulfillment of the 10th Five-Year Plan is the improvement of the administration of the national economy. The Communist Party demands a raising of the standard of all work in administration and its bringing into conformity with contemporary tasks.

USSR ministries and departments and the councils of ministers of union republics, guided by the instructions of the 25th CPSU Congress, are adopting measures to improve the structure of the machinery, abolish superfluous links in it and reduce expenditure on administration. In the first 2 years of the five-year plan savings on administration expenditure of R2.1 billion have been obtained.

The budget for 1978 envisages a saving of R964 million by reducing administrative expenditure. USSR ministries and departments and the councils of ministers of union republics must continue to work on improving the administrative machinery and making it cheaper, and should insure the strictest regime of thrift in expenditure on its maintenance.

The upsurge of Soviet citizens' sociopolitical and labor activeness and the further development and renewal of our legislation make new, higher demands on the organs of the state machinery. The need arises from this for a significant improvement in the style and methods of work of all ministries and departments, institutions and organizations.

Financial organs must steadily improve the style and methods of their work and display more initiative in intensifying the mobilization of internal economic reserves and implementing the regime of thrift in the expenditure of [IZVESTIYA version here adds "state"] resources.

The Communist Party demands an increase in the responsibility and initiative of each worker in the state machinery and the strictest observance of plan, financial and state discipline at all levels of the national economy.

#### The State Budgets of Union Republics

Comrade deputies, the friendship of the Soviet peoples is now more lasting than ever. In the course of communist building a rapid growth in the economy and culture of all our country's nations and nationalities and the mutual enrichment of their spiritual life is taking place.

The USSR embodies the state unity of the Soviet people and rallies all nations and nationalities for the purpose of building communism.

The plan and budget for 1978 envisage the further development of the economy of all union republics. The total of the state budgets of union republics for 1978 is fixed at R109.7 billion, or R4.1 billion more than in the current year.

The state budgets of union republics are planned to total the following sums (in millions of rubles):

RSFSR	60,427
Ukrainian SSR	18,593
Belorussian SSR	4,725
Uzbek SSR	4,630
Kazakh SSR	7,226
Georgian SSR	1,870
Azerbaijani SSR	1,778
Lithuanian SSR	2,192
Moldavian SSR	1,440
Latvian SSR	1,394
Kirgiz SSR	1,253
Tadzhik SSR	1,115
Armenian SSR	1,242
Turkmen SSR	860
Estonia SSR	930

The main part of the republics' budget expenditure is directed to financing the economy and sociocultural measures. The total sum of investments in the economy of union republics from the budget and from enterprises' and organizations' own resources will be R100.2 billion, or 5.2 percent more in comparison with the current year's expenditure. Additionally, a long-term credit of R3.8 billion will be granted for the development of the economy of the republics. These resources will be used to finance the further development of industry and agriculture, widespread housing and municipal construction, and the expansion of the sphere of consumer services for the population.

The budget expenditure of union republics on sociocultural measures is fixed at R55.8 billion and will be 4.4 percent more than the plan for 1977. The budgets of union republics are fully provided with the necessary resources out of the income of the republican economies and deductions from statewide revenues.

The councils of ministers of union republics and local soviets ispolkoms must adopt the necessary measures for the unconditional implementation of budgets, the mobilization of internal economic reserves and the implementation of the strictest economies in the expenditure of resources.

The USSR Council of Ministers presents for the ratification of the USSR Supreme Soviet the report on the implementation of the USSR state budget for 1976. The budget was fulfilled by R232.2 billion, or 102.5 percent of the plan, in revenue and by R226.7 billion or 100.2 percent in expenditure, and the excess of revenue over expenditure was R5.5 billion. Detailed information on individual types of revenue and expenditure are contained in the report distributed to deputies.

Comrade deputies, the USSR economic and social development plan for the 10th Five-Year Plan embodies an imposing program for a further upsurge in the socialist economy, a steady rise in the people's standard of living and the strengthening of our country's might.

The great successes achieved in the implementation of the 25th CPSU Congress decisions for the first 2 years of the five-year plan and the upsurge in Soviet people's political and labor activeness evoked by the adoption of the new USSR Constitution and the celebration of the 60th anniversary of the Soviet state create firm confidence that the targets of the third year of the five-year plan will be successfully fulfilled and overfulfilled and our country will take a major new step on the path of building communism.

#### Baybakov Report

Moscow PRAVDA in Russian 15 Dec 77 pp 1-3 LD

[Apparent text of report delivered by N. K. Baybakov, deputy chairman of the USSR Council of Ministers and chairman of the USSR Gosplan, at the 14 December USSR Supreme Soviet session: "On the USSR State Economic and Social Development Plan for 1978"]

[Text] Esteemed comrade deputies:

The USSR Council of Ministers submits for your examination the draft USSR state economic and social development plan for 1978--the third year of the 10th Five-Year Plan--approved by the CPSU Central Committee plenum. The draft plan for 1978 has been prepared on the basis of the 10th Five-Year Plan targets and proposals from USSR ministries and departments and union republic councils of ministers. It has been comprehensively examined by the USSR Council of Ministers for every sector and union republic.

Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, delivered a long speech at the CPSU Central Committee plenum. In his speech he posed a number of important questions relating to the further development of the country's economy and the improvement of the style of all our work and singled out the main areas requiring the greatest attention from economic and party organs in fulfilling the 1978 plan. The conclusions and provisions contained in Comrade L. I. Brezhnev's speech constitute an action program for all enterprise, construction site, kolkhoz and sovkhoz collectives and all economic management components.

The CPSU Central Committee plenum noted that in the first years of the 10th Five-Year Plan our economy developed under conditions of the consistent implementation of the historic 25th CPSU Congress decisions, a great deal of organizational and political work on the part of the party



Central Committee and the widespread socialist competition for a fitting welcome to the 60th anniversary of Great October and in commemoration of the new constitution--the fundamental law of the USSR.

Allow me to report on some results of the development of the national economy in the first 2 years of the 10th Five-Year Plan.

Results of the Fulfillment of the Plan for the First 2 Years of the 10th Five-Year Plan

Further growth in the country's economy, a rise in the people's prosperity and a strengthening of our state's defense have been achieved in these years. According to preliminary assessments, national income utilized for consumption and accumulation will have increased by 8.4 percent.

All sectors of industry underwent further development. In 1977 the increase in industrial production will total 5.8 percent as against an annual plan figure of 5.6 percent. The plan for the production of many types of industrial output will be fulfilled and surpassed. Taking into account the anticipated fulfillment of the 1977 plan, the volume of industrial output will have increased 10.9 percent in the 2 years and will equal the five-year plan targets.

Definite successes have been achieved in developing science and technology. In the 2 years approximately 7,000 new types of equipment, apparatuses, instruments and materials have been assimilated, and the scale of the introduction of progressive manufacturing processes and means of automation and mechanization has broadened. This has made it possible to insure a further rise in the technical standard of production, to obtain a savings of approximately R6 billion in the prime cost of industrial output and to insure a manpower savings of almost 2 million men. At present approximately 45,000 industrial products have been awarded the state seal of quality.

The long-term program formulated by the party for developing agriculture and strengthening its material and technical base is being consistently implemented. The plan for supplying kolkhozes and sovkhozes with mineral fertilizers, trucks, tractors, grain-harvesting combines, agricultural machinery and other resources is being fulfilled. As a result of the implementation of broad measures for the mechanization and chemicalization of production and land reclamation, the average annual volume of gross agricultural output in 1976-1977 will have increased by 6.6 percent over the figure of the last five-year plan. Average annual grain production will be close to the five-year plan targets and will total 209.6 million tons as against 181.6 million tons in the Ninth Five-Year Plan. A record raw cotton harvest--8.7 million tons--has been obtained this year. The plan for purchases of potatoes, fruit, berries, milk, eggs, wool and certain other agricultural products will be fulfilled.

A great deal of work has been done on capital construction in the 2 years. In these years almost R240 billion has been invested in national economic development, which has made it possible to increase fixed capital by 14 percent. A number of large-scale capacities and projects have been commissioned: Nuclear power generation units rated at 1 million kilowatts at the Kursk and Chernobyl nuclear power stations, 800,000-kilowatt turbines at the Zaporozhe and Uglegorsk GRES, the No 2 gas processing plant in Nizhegartovsk, a blast furnace at the Kommunar'sk metallurgical plant, a medium-grade rolling mill at the West Siberian metallurgical plant, the first phase of the Kama truck plant for the production of 75,000 trucks per year and also a considerable number of enterprises and projects in the light, food, and meat and dairy industries and in agriculture, transportation and other sectors of the national economy.

The social program formulated by the 25th CPSU Congress is being successfully implemented. The five-year plan targets for the growth of average monthly worker and employee wages, the growth of public consumption funds, and the commissioning of housing financed out of state capital investments are being fulfilled. Per capita real incomes will have increased 7 percent in the first 2 years of the five-year plan. The raising of the minimum wage to R70 per month in all sectors of the national economy has been completed throughout the country. Wage and salary rates for medium-paid workers in nonproduction sectors in northern regions, the Far East and Siberia have been raised. Additional allowances on wages have been instituted in a number of eastern regions of the country, conditions relating to labor remuneration and pension provision have been improved for certain categories of working people in individual sectors in industry, and a number of other measures have been implemented. Some R5.7 billion have been channeled into these objectives.

Over 216 million square meters of housing will have been built in 1976-1977 out of all sources of finance, which will make it possible to improve the housing conditions of approximately 22 million people. More general educational schools and hospitals than envisioned by the five-year plan are being commissioned.

Our successes in economic and social development now depend to a decisive extent on increasing production efficiency and work quality in all sectors of the national economy and on boosting intensive factors of growth. Definite results in resolving these tasks have been achieved in the period of the 10th Five-Year Plan that has elapsed. Social labor productivity has increased 7.4 percent. This factor accounts for almost three-fourths of the total increase in industrial output. Profit from state enterprises has increased considerably. However, these results still do not fully accord with the 25th CPSU Congress' demands nor to possibilities for raising production efficiency in sectors of the national economy.

A number of ministries and departments are slow in improving utilization of existing enterprises' capacities, as a result of which the national economy is obtaining less output than the potential which has been created allows.

Full use is not being made of the possibility for increasing rates of labor productivity growth. In the first 2 years of the five-year plan a number of ministries and many industrial enterprises have not fulfilled the plan for this important indicator of production efficiency. Labor productivity growth is lagging in railroad transport and construction.

The targets for saving material resources, primarily electricity, fuel and ferrous and nonferrous metals are not being completely fulfilled. Thus in 1976 between 20 and 40 percent of enterprises under the ministries of tractor and agricultural machine building, the automotive industry, heavy and transport machine building, and machine building for the light and food industry failed to fulfill their targets for savings of rolled ferrous metals. The USSR Ministry of Ferrous Metallurgy and the USSR Ministry of the Construction Materials Industry overexpended 600,000 tons of standard fuel in 1976. Many enterprises are slow in replacing highly materials-intensive output and are devoting insufficient attention to improving production technology and introducing progressive norms and normatives for the expenditure of material resources. In this connection the prime cost of output is falling slowly in a number of industrial sectors.

The lag in the fulfillment of the plan targets for the assimilation and introduction of new equipment is exerting a substantial influence on production efficiency indicators. These plans are being fulfilled particularly unsatisfactorily by the USSR Ministry of Ferrous Metallurgy, the USSR Ministry of the Petroleum Refining and Petrochemical Industry, the USSR Ministry of the Chemical Industry, and the USSR Ministry of the Construction Materials Industry.

There are large reserves for increasing social production efficiency in capital construction. The need to concentrate capital investments on the construction of the most important national economy projects, the reduction of the time taken to construct such projects, and the reduction of cost estimates and the volume of uncompleted construction was stressed at the October 1976 CPSU Central Committee Plenum and the fifth USSR Supreme Soviet session last year. However, it must be said that the situation in capital construction, particularly with respect to the commissioning of production capacities, is slowly improving. The spreading of capital investments among a large number of construction projects is continuing. As a result normative deadlines for construction are not being met and considerable resources are tied up in uncompleted construction.

In agriculture, primarily because of weather conditions, plan indicators for purchases on grain, grapes, sunflower seed, livestock, and poultry have not been reached. As a result of the shortfall in agricultural production the rate of growth of production of a number of consumer goods is being held back.

These and other shortcomings cannot fail to have an impact on the rate and proportions of economic development in 1978 and on the establishment of targets for individual sectors of the national economy and industry.

#### The Main Targets, Rates and Proportions of the USSR's Economic Growth in 1978

Comrade delegates, the state plan for the USSR's economic and social development in 1978 provides for implementation of a set of measures directed toward solving the main socioeconomic tasks of the 10th Five-Year Plan and primarily toward the further development of the material and technical base of the economy, raising the standard of living and strengthening the country's defense capability. Guided by the decisions of the CPSU Central Committee and its Politburo and the theses and conclusions contained in the reports and speeches of Comrade Leonid Ilich Brezhnev, the USSR Council of Ministers, the USSR Gosplan, the union republic councils of ministers, ministries and departments, when elaborating the plan, provided for measures directed toward raising production efficiency, improving the use of industrial potential, accelerating the technical equipping and reconstruction of existing enterprises and increasing labor productivity.

The main aim of the 1978 plan is the intensification of production. As a rule it is planned that sectors of the economy will achieve higher labor productivity growth rates in comparison with the average yearly rates which occurred in practice between 1976 and 1977. Throughout the economy as a whole the productivity of social labor will increase by 3.5 percent. The proportion of output increase obtained through the growth of labor productivity will increase.

The ministries have been set more rigid targets for saving raw materials, materials, fuel and electric power. Suffice it to say that the plan has laid down economizing rolled ferrous metal in engineering, metal working and construction to the extent of 1.5 million tons; boiler and furnace fuel throughout the economy as a whole--6 million tons; electric power--7.2 billion kilowatt hours; and a considerable quantity of other materials by reducing their expenditure norms and implementing organizational and technical measures for economizing material resources.

The national income used for consumption and accumulation according to the 1978 plan is increased to R15.6 billion. This exceeds by R4 billion the growth of national income in 1977. Real income per head of population will be increased by 3 percent. The plan also sets high targets for an increase of other indicators.

In drawing up the plan a considerable amount of work was carried out on improving intersector proportions and achieving a balance of production and capital construction with material, technical and labor resources and growing purchasing power with goods and services.

With these aims a certain redistribution of the volumes of construction and repair works was carried out between the sectors of the economy in comparison with the five-year plan estimates for 1978.

In comparison with the five-year plan the volume of construction and repair works has been increased in the oil extracting and gas industry and in railroad transportation and electrical engineering. The volumes of construction and repair works have been maintained at the level of the five-year plan for the development of agriculture, the production of mineral fertilizers and chemical means of protecting plants, the construction of enterprises and units on the basis of sets of imported equipment based on compensating agreements, and housing construction.

In several sectors capital investments have been somewhat reduced against the five-year plan, but along with this a large growth in the volume of construction and repair work in comparison with the expected level for 1977 is still planned for many of them.

Capital investments are mainly directed toward the technical reequipping of existing enterprises. Some R8.7 billion have been allocated to these aims, which is 26 percent more than the five-year plan for this year. A great deal of work was carried out when elaborating the plan on reducing the number of sites restarted.

The draft plan contains high targets for the development of science and technology. In 1978 about 4,000 new types of machines, equipment, devices and materials should be assimilated into production and a large quantity of new technological processes and means of mechanizing and automating production should be introduced. Implementation of the measures outlined for the development of science and technology will make it possible to make economies by reducing the cost price of industrial produce by more than R3 billion and to insure labor economies of over a million men. The volume of expenditures of scientific and research work, including capital investments for strengthening the scientific basis, is planned to grow by 4.1 percent compared with this year.

It is intended in 1978 to further develop the economy of all union republics and increase their contribution to achieving the statewide economic targets.

An ever-greater role in the development of our country's economy is played by foreign trade, particularly with socialist countries. A number of important measures are envisaged in the draft plan in the field of extending socialist integration with the CEMA member countries.

At the same time it was not possible to fix a number of indicators for the development of the economy at the level of the five-year plan targets. During the fulfillment of the plan additional reserves for increasing the volume of production will be sought, which demands a considerable improvement in the work of the ministries, union republics and enterprises and organizations and a more active implementation of measures for raising the efficiency of social production.

In the materials presented to you the main directions for the development of the sectors of the economy are laid out in detail; therefore, allow me to dwell on just a few of the most important indicators and particulars of the 1978 plan.

### Industry

It is planned to increase the volume of industrial production 4.5 percent, including 4.7 percent for group "A" output and 3.7 percent for group "B" output. Industry's most important task is to increase production volumes in order more fully to meet the requirements of the national economy and the population for corresponding types of output on the basis of improving the use of the capacities of existing enterprises, accelerating the assimilation of new equipment and technology, making efficient use of raw materials, fuel and energy and considerably raising output quality.

With a view to meeting the growing fuel and electricity requirements of the national economy and the population the plan provides for the further development of sectors of the fuel and energy complex.

Electricity generation will be brought up to 1,207 billion kilowatt hours and increased 4.8 percent compared with 1977. Its generation here will increase almost 13 percent at hydroelectric stations and more than 21 percent at nuclear power stations.

It is planned to extract 575 million tons of oil and gas condensate next year. The chief increase in oil extraction will be achieved in west Siberia. Its extraction will also increase in the Komi ASSR, the Udmurtskaya ASSR, Orenburgskaya Oblast and the Georgian SSR.

Gas extraction is planned to the tune of 370 billion cubic meters. Here the use of casinghead gas will increase by 1.8 billion cubic meters. The increase in gas extraction will be insured chiefly from deposits in Tyumenskaya and Orenburgskaya oblasts, as well as the Turkmen SSR.

To achieve these volumes of oil and gas extraction the ministries of petroleum industry, gas industry and construction of petroleum and gas industry enterprises must accelerate the construction of production projects and housing on new oil and gas deposits, particularly in west Siberia and the Komi ASSR, as well as main oil and gas pipelines.

The plan provides for a considerable increase in geological prospecting work for oil and gas with the intention of creating a preferential [operezhayuschiy] increase in stocks of these types of fuel, particularly oil, compared with their extraction.

It is planned to increase coal production to 746 million tons. It is an important task of the USSR Ministry of Coal Industry to start up new production capacities more quickly and to overcome laggardness in the construction of mines in the Donbass and the Kuzbass. Powerful excavators and quarry dump trucks of large carrying capacity will be supplied for the further growth of coal production by the open-cut method. The use of props converted to hydraulic operation [gidrofitsirovannyye krepil], tunneling combines and other equipment will increase in underground extraction.

Clear-cut observance of discipline in fuel consumption and unconditional fulfillment of targets for economizing on fuel resources are essential for purposes of uninterrupted fuel supplies.

Great tasks confront ferrous metallurgy workers in 1978 in increasing production of rolled ferrous metals and pipes. This is of paramount significance for fulfilling the planned production of machine-building output and capital construction volumes. The plan outlines an increase to 152.6 million tons for steel production, to 106.3 million tons for production of finished rolled ferrous metals and to 17.7 million tons for steel pipes.

The USSR Ministry of Ferrous Metallurgy must improve the work of its plants and combines and, above all, of blast-furnace shops and mining and enriching enterprises, prevent violations of technological discipline, reduce idle time and unplanned repairs of units and improve production technology. Measures must be implemented to improve the quality and extend the range of rolled metal and pipes. The construction ministries and the USSR Ministry of Construction of Heavy Industry Enterprises, above all, must carry out considerable work on commissioning production capacities in ferrous metallurgy within the prescribed times.

In addition to increasing production and improving the quality of rolled metal and pipes in order to meet the national economy's requirements for them more fully, ministries and departments and all enterprises and construction projects must take measures for their economic and efficient use. It must be said that with the increase in metal resources a less solicitous attitude has begun to be displayed toward metal. Its use is permitted for purposes not envisaged by the plan, and a large quantity of scrap ferrous metal is not utilized. In the first 9 months of this year alone ministries and departments owed the Ministry of Ferrous Metallurgy 700,000 tons of scrap ferrous metal, while steel production is being held up owing to the shortage of it. It is necessary

to step up the movement for a thrifty attitude toward metal and toward the collection and handover of all scrap and waste in construction and agriculture and at industrial enterprises.

In nonferrous metallurgy, to increase production of aluminum, copper and other nonferrous metals, it is planned to accelerate the commissioning of new capacities, particularly of mining and enriching enterprises, and to increase the volume of stripping work at a number of large open pits. This concerns the commissioning of capacities in Kazakhstan above all.

The USSR Ministry of Nonferrous Metallurgy, the USSR Ministry of Construction of Heavy Industry Enterprises and the Kazakh Council of Ministers must accelerate the commissioning of production capacities, particularly for the extraction and processing of nonferrous metal ores. It is also necessary maximally to improve the use of raw material resources and to insure the fulfillment of targets for the recovery of metals from ores and concentrates.

In the chemical and petrochemical industry it is planned to increase production to 101.5 million tons for mineral fertilizers, to 3.6 million tons for synthetic resins and plastics, to 1,145,000 tons for chemical fibers and yarns and to 60.1 million for motor vehicle and other tires. There will be a further improvement in the structure and quality of chemical output. Thus production of rubber taking the place of natural rubber will exceed half the total volume of rubber production. The quality of mineral fertilizers being produced will improve.

At the same time it should be pointed out that the increase in the production of a number of kinds of chemical output has been falling in recent years owing to laggardness in the commissioning of capacities and the slow startup of new enterprises, which is holding up production of consumer goods and other products.

The USSR Ministry of Chemical Industry and the Ministry of Petrochemical Industry and construction ministries must accelerate the construction of chemical enterprises, liquidate internal sector discrepancies in the production of associated products and insure an additional increase in output as a result of this.

In the pulp and paper industry production of pulp will increase 3.9 percent and that of paper and cardboard 2.3 percent. It is planned to increase production of these types of output by commissioning new capacities and making fuller use of the capacities of existing enterprises. The Ministry of the Pulp and Paper Industry must accelerate the organization of the production of viscose pulp at the Bratsk timber industry combine and fully meet the requirements of chemical fiber production for this valuable type of raw material.



In the construction materials industry it is planned to raise the grade [marochnyy sostav] of cement and substantially increase the production of soft roofing and insulating materials. The USSR Ministry of Construction Materials Industry must devote special attention to accelerating the development of the asbestos industry, which is currently holding up production of slate and asbestos cement pipes.

As in previous years, it is planned to develop machine building and metalworking at an increasing preferential rate. On the whole, it is planned to increase the output of this sector 7.7 percent. There will be a faster growth rate of production of equipment for nuclear power stations, instruments, means of automation and control systems, large electrical machines, machines for livestock raising and fodder production and a number of other types. Further qualitative changes will take place in the production of machinery and equipment. Thus, production of trucks will increase 3.4 percent in terms of numbers but 8 percent in terms of carrying capacity. The number of tractors being produced will increase 1.4 percent, but their capacity will rise 5.6 percent. In order to insure labor productivity growth in sectors which use equipment, the plan outlines an improvement in the qualitative composition of rolling equipment, petroleum apparatus, metalcutting machine tools, forging and pressing machines and a number of others being produced.

It is planned to assimilate new types of equipment of large unit capacity with the use of modern scientific and technical achievements. The manufacture of a steam turbine with a capacity of 1.2 million kilowatts and a corresponding turbogenerator for the Kostroma GRES will be completed.

Production of the most precise and productive types of metalcutting machine tools will increase at an increasing preferential rate. Production of machine tools with numerical program control will increase more than 16 percent.

In agricultural machine building there will be a considerable increase in the production of soil-cultivating and sowing machines for the K-700 and T-150 tractors, as well as machines for the cultivation of soils subjected to wind erosion.

Substantial growth is planned in the production of modern equipment for the light and food sectors of industry, particularly automatic baggers and automatic and semiautomatic lines.

Taking account of the fact that the improvement of the quality of machinery and equipment is of great significance, the machine-building ministries must take more effective measures to raise the technical standard of output, to improve production technology and efficiency indicators and to reduce metal consumption norms. Great potential still exists for reducing the weight and metal-intensiveness of equipment as a result of better design decisions.

The plan devotes great attention to increasing production and raising the quality of consumer goods. It is planned to increase production of light industry output 4.3 percent in 1978. Production of all kinds of textiles will increase 4 percent, including 6.8 percent for woolen textiles and 4.6 percent for silk textiles.

It is planned to increase sewn goods industry output 5.9 percent. It should be pointed out that the quality of output from the sewn goods industry has improved somewhat, but it still does not fully meet increased public demand. Workers at sewn goods enterprises must raise considerably the quality of the sewing and finishing of goods.

Production of output from the food sectors of industry will increase 3.2 percent. Chief attention here must be devoted to improving the use of raw material resources, raising the quality of output produced and extending its range.

In the fish industry, in connection with the change in fishing conditions in the world ocean, great significance attaches to increasing the production of finished products from raw fish during processing, as well as to expanding fish production on pond fish farms.

As envisaged by the five-year plan, production of cultural and domestic and household goods is planned to the tune of R24 billion, which is an increase of 6.9 percent compared with this year. There will be a considerable improvement in the quality of products, and production of goods in increased demand will rise. Thus production of color television sets will increase almost 22 percent, chinaware and earthenware 8.7 percent, and furniture 6 percent. Production of refrigerators with an internal capacity of more than 200 liters, radios and radio phonographs of the highest and first classes, air conditioners and furniture suites of improved quality is being expanded.

The USSR Council of Ministers believes that the targets outlined by the plan for consumer goods production must be regarded as minimum targets. The ministries and union republics are given an assignment to further increase production of these goods. Experience of past years attest to the possibility of seeking out additional reserves for a considerable increase in the production of individual consumer goods in the course of fulfilling annual plans.

#### Agriculture

Comrade deputies, the draft plan for 1978 envisages the further implementation of the long-term comprehensive program elaborated by the party for agricultural production intensification, the strengthening of agriculture's material and technical base and insuring the constant buildup of output.

Gross agricultural output for 1978 has been fixed at the level of the five-year plan targets--that is R132 billion.

Quite a good foundation for raising the yield of agricultural crops has been laid in the current year. Some 36.9 million hectares of winter crops for grain have been sown. They are in better condition than last year. Fall plowing has been carried out on 112 million hectares--14 million more than in 1976. Kolkhozes and sovkhoses are better provided with seeds for the spring sowing and more organic fertilizer has been carted out into the fields.

The production and purchases of most types of agricultural produce are planned to be at the level of the five-year plan targets. Production of 220 million tons of grain, 7.5 million tons of sunflowers, 96.2 million tons of sugar beets, 8.5 million tons of raw cotton, 95.4 million tons of milk and 62.6 billion eggs is planned. Grape purchases have been fixed at lower than the five-year plan targets because of the damage and loss of plantations in a number of areas in the current year as a result of severe frosts.

In the last five-year plan the country experienced a number of difficult years in terms of weather conditions. Nor has 1977 proved entirely favorable. The shortage of fodder in the drought year of 1975 caused a certain reduction in the numbers of hogs, sheep and fowl and this has influenced the production of livestock-raising produce. The party Central Committee and the government have mobilized all potential for the upsurge of agriculture. As a result the numbers of cattle are growing steadily and the numbers of sheep and hogs are being restored. The productivity of livestock and fowl has risen and the production of milk, eggs and wool has increased. However, livestock production and purchases in 1978 will still be somewhat lower than the amounts envisaged for this year by the five-year plan. Milk purchases will be 100,000 tons higher than the five-year plan and egg purchases will be higher by 2 billion eggs.

The further growth of purchases of livestock-raising produce depends mainly on increasing fodder production and improving its quality. With a view to this it is necessary to do everything possible to expand the area sown with crops with a high protein content--pulses, alfalfa, clover and others. Production of fodder protein, lysine, and premixes in the microbiological industry and also of mixed fodder and protein and vitamin additives is being expanded in 1978.

The most rational way to increase meat production is to raise the surrender weight of the livestock sold for meat--something attested by the positive results of this year. Private plots remain a substantial reserve for increasing meat resources. It is necessary to continue to expand the sale of piglets and chickens to the population and to provide help with fodder.

The plan for 1978 envisages further strengthening the material and technical base of agriculture. In accordance with the five-year plan R33.5 billion of capital investments, including R22.7 billion of state capital investments, will be earmarked for its total development. Here more than R7.3 billion or more than 30 percent of the total amount of state capital investments will be channeled into land reclamation and development. It is planned to commission 821,500 hectares of irrigated land, to drain 942,000 hectares and to provide 7.2 million hectares of pasture with water. Some R.34 billion of state capital investments is being channeled into modernizing and expanding livestock-raising farmsteads and constructing complexes and industrial poultry farms. Industrial poultry farms for meat with a capacity of 37 million birds and 5.3 million laying hens for eggs will be commissioned along with livestock-raising complexes for the rearing and fattening of 70,000 head of cattle and 437,000 head of pigs. Here it is important that the livestock-raising complexes are constructed simultaneously with the creation of a firm fodder base.

The deliveries of all types of agricultural equipment and machines for livestock raising and fodder production will increase in accordance with the five-year plan targets. Some 361,500 tractors, 270,000 trucks and 110,200 grain-harvesting combines will be delivered to agriculture.

While earmarking considerable funds for the development of agriculture we must not forget the efficiency with which they are utilized. However, shortcomings continue to take place in the utilization of capital investments, in the use, storage and repair of equipment and in the expenditure of fuels, lubricants and other materials.

The plan outlines a complex of measures further to develop the agriculture of the RSFSR nonchernozem zone; R7.1 billion of capital investments or 13 percent more than in 1977 are being channeled into this in 1978.

As a result of the lag in production of mineral fertilizers, deliveries of them to agriculture will be somewhat below the five-year plan targets, totaling 80.2 million tons. The efficient use of mineral and organic fertilizers and the prevention of losses of them during transportation, storage and application to the soil are of great importance for obtaining the planned gross harvest of farming produce.

The elimination of losses of agricultural output during the harvesting, procurement and storage of the harvest remains a serious task. It is also necessary to pay more attention to the utilization of manpower resources in agriculture and to insuring fuller employment of kolkhoz members and sovkhoz workers during the year.

The USSR Ministry of Agriculture, the union republic councils of ministers and local organs should intensify the attention paid to the efficiency of the work of agricultural enterprises and organizations, to eliminating shortcomings in their work and also substantially to improving

the selection and seed production of all crops and to improving the organization and techniques of farming and livestock raising on the basis of interfarm cooperation and agroindustrial integration as a major reserve of agricultural output growth.

#### Transportation and Communications

A 5.3 percent increase in freight turnover for all kinds of transportation is outlined for 1978. Freight turnover in oil pipeline transportation will increase at the highest rate--14.2 percent. Increases of 2.2 percent for freight turnover in railroad transportation, 7.1 percent in maritime transportation, 6.8 percent in truck transportation and 5.7 percent in river transportation are outlined.

In comparison with the five-year plan, additional capital investments have been allocated in the plan for 1978 to intensify work in the development of the railroad network and to raise the traffic capacity of certain heavy freight lines. Some 639 km of new railroad and 815 km of second track will be constructed, 530 km of railroad line will be electrified and about 3,300 km of railroad line will be fitted with automatic braking and centralization of traffic control. The quantity of electric and diesel locomotives and freight cars to be delivered will be greater than provided for by the five-year plan.

The Ministry of Railways must improve substantially the organization of work in freight transportation, particularly the maintenance and exploitation of the locomotive stock. The draft plan provides for an increase of 3.7 percent in operation freight car productivity and 1.7 percent in locomotives engaged in freight traffic.

At the same time, ministries and departments and union republics must take steps for prompt on- and off-loading of cars and the complete off-loading of freight from cars without causing it damage and must not tolerate delays in loading operations or on industrial rail routes. The USSR State Committee for Material and Technical Supply, the State Planning Committee, the Ministry of Railways and other ministries must work more energetically to reduce the distance of transport operations and to connect suppliers with consumers more rationally from the transportation viewpoint.

The plan provides for a strengthening of the material and technical base of maritime, river and air transportation. In maritime transportation transshipping complexes will be commissioned in sea ports with 2 km moorings. The river fleet will be augmented with modern powered and other freight vessels and also powerful tugs and well-appointed passenger vessels. In air transportation the commissioning of new runways and fleet augmentation with new and better appointed types of aircraft is planned. The fleet of freight trucks and buses will be increased and their exploitation improved.

In the sphere of communications and radio and television further development and improvement is planned in servicing the national economy and the population of the country. There is to be a 7.1 percent increase in the capacity of telephone centers in cities and in rural locations. The zone of good reception of television broadcasts will be expanded. There are plans for the development of systems insuring retransmission of television programs to remote regions of the country with the aid of artificial earth satellites. Some 83 percent of our country's population will be able to view television broadcasts.

### Capital Construction

Comrade deputies, a major program of capital construction, whose successful fulfillment will permit a substantial increase in the country's economic potential and people's living standards, is to be implemented in 1978.

The total amount of capital investments in the national economy from all financing sources is set at R125.5 billion, which is 3.4 percent more than the expected fulfillment for the current year. The amount of state capital investments will be R110.6 billion, including R89.3 billion for the production sphere and R21.3 billion for the nonproduction sphere.

In 1978 there are plans to concentrate more than 58 percent of all construction and installations work, including 64.5 percent of that in industry, on new [puskovoy] complexes and projects in the production sphere. For this it is recognized as essential to limit the number of newly started construction projects with an estimated cost of more than R3 million. Ministries and union republics must also reduce the number of new construction projects with an estimated cost of up to R3 million and on that basis reduce incomplete construction work.

As a result of the preferential implementation of the technical re-equipment and modernization of existing enterprises, the plan outlines an improvement of the technological structure of capital investments. The proportion of expenditure on equipment will grow to 36.8 percent of the total amount of state capital investments. It is important for ministries to examine the possibility of an additional increase in capital investments for these purposes and accordingly raise the targets of enterprises and associations for increasing capacities by technical reequipment and modernization of existing production facilities.

Substantial production capacities, including 11.9 million kilowatts in power stations, 23.7 million tons of coal production, 15.9 million tons of mineral fertilizer production, 756,000 tons of synthetic resin and plastic, 3.6 million motor tires and 51,000 loom installations, are to be commissioned in 1978.

The plan outlines the commissioning of a number of large projects. They include nuclear power units with a capacity of 1 million kilowatts each

at the Novovoronezh, Chernobyl and Kursk nuclear power stations, initial oil processing installations at the Nizhnekamsk petrochemical combine and the Lisichansk oil processing plant, the seventh stage of the "Bogatyr" coal cutter with a 7.5 million tons capacity at the Ekibastuz coal basin, blast furnace No 6 with a 2.2 million tons capacity at the Novolipetsk metallurgical plant and other large projects.

Fulfillment of the plan for the commissioning of production capacities depends firstly on improving the organization of construction production and concentrating the efforts and funds of construction organizations on the most important new [puskovoy] construction work and projects. At the same time, it must be noted that contract construction organizations in a number of cases are not meeting the plan on new construction projects as well as on others. Thus, the USSR Ministry of Construction of Heavy Industry enterprises and the USSR Ministry of Rural Construction have only met 87 percent of the plan for new construction projects in 10 months this year. There can no longer be complacency at major losses in work time and holdups with machinery or the uneconomic use of construction materials. The construction ministries must take the necessary steps to insure the prompt commissioning of capacities and projects, raise the level of organization of construction production, introduce new technology more extensively and achieve an improvement in the quality of construction and installation work. The chiefs of construction projects must be more determined to introduce the experience of construction teams which work according to the T. Zlobin method and which achieve high labor productivity and reduced prime costs.

Machine-building ministries must play a major role in speeding up the commissioning of capacities by insuring the prompt delivery of equipment assigned for new construction projects.

#### The Development of Science and Technology

Comrade deputies, the development of the national economy is increasingly based on the utilization of scientific and technical achievements.

It is envisaged that fundamental research into the most important avenues of the natural and social sciences will be continued in the USSR and union republic academies of sciences. Applied scientific research work will be stepped up.

The plan provides for accelerating the introduction of new equipment and technology. The creation of installations with a large unit capacity will be continued. Such installations will be extensively utilized in the production of ammonia, sulfuric acid, and other types of output. New 500,000 and 1.2 million-kilowatt condensation turbines, a 640,000-kilowatt hydraulic turbine, and a 1 million-kilowatt turbogenerator for a nuclear power station will be provided for the power industry. Mining sectors of industry will receive highly productive high-powered rotary excavators and large-capacity dump trucks for open-cut ore extraction.

The plan maps out large-scale measures for production mechanization and automation. For example, roller stackers and roller skids which fully preclude the need for manual labor in stacking timber are being introduced at timber procurement enterprises. The proportion of oil extracted from automated fields is increasing. Underground ore extraction utilizing self-propelled machines and highly productive equipment packages is increasing, as is coal mining from comprehensively mechanized stopping faces. It is planned to introduce new track vehicles for railroad repairs.

The further introduction of computer equipment will be of great significance for raising the level of automation in sectors of the national economy. A further increase in the quality and speed of operation of this equipment is planned.

A considerable proportion of the targets for new equipment are aimed at reducing the materials-intensiveness of production. Thus, the introduction of new progressive equipment and the utilization of advanced technology will make it possible to reduce unit fuel expenditure at thermal power stations and thus to save approximately 3 million tons of standard fuel. To increase the rate of recovery of oil from oil-bearing strata it is planned to raise the proportion of oil extracted utilizing artificial pressurizing methods to 88 percent. Coke consumption per ton of smelted pig iron, rolling ingot, and tin for tinsplate is falling, and production of structural components by the powder metallurgy method is increasing.

To resolve the tasks for raising production efficiency it is necessary to improve considerably the work of scientific research and design planning organizations and to achieve the complete fulfillment of the scientific and technical development plan.

#### Raising the People's Material and Cultural Living Standards

Comrade deputies, the draft plan for 1978 provides for a broad range of measures to further increase the people's prosperity and implement the social program mapped out for the 10th Five-Year Plan.

In 1978 wage and salary rates for medium-paid categories of workers in sectors in the nonproduction sphere in a number of regions of the country will continue to rise and there will be wage raises for workers employed in leading sectors of the national economy--ferrous and non-ferrous metallurgy, the textile industry, construction, and agriculture.

With a view to improving the provision of social and cultural services for the population it is planned to raise the norms for spending on food and the purchase of medical supplies in a number of public health establishments and long-stay homes for invalids and the elderly, to introduce additional pension benefits for kolkhoz members and other categories of



the population, to raise the grants paid to a number of categories of students at vocational and technical schools, and to introduce the free provision of textbooks for pupils in the lower grades of general educational schools and a number of other measures.

Over R3.3 billion is being allocated for the implementation of new measures to raise the people's living standards in 1978--twice the level of expenditure for these purposes in the current year. In the first 3 years of the 10th Five-Year Plan state expenditure on the implementation of new measures to increase the people's prosperity will total R9 billion at 1978 prices--R270 million more than the five-year plan figures.

The repayment of state internal loans raised in the past will be continued.

Taking account of the growth of labor productivity and cadres' qualifications and also of the measures listed above, average monthly wages for workers and employees will rise to R159 in 1978--a 2.2 percent increase--while kolkhoz members' earnings will rise to R107 per month--a 4 percent increase. The public consumption funds will total R105 billion--a per capita increase of 4.4 percent.

In accordance with the growth of national income and consumer goods production, the development of the services sphere, and the increase in income from earnings and the public consumption funds, real per capita incomes will rise 3 percent in 1978.

Based on the growth of the population's incomes and consumer goods production, retail trade turnover has been set at R238 billion in 1978. To provide the population with a fuller supply of consumer goods, ministries and union republics--following the example of past years--have been set an additional target of increasing consumer goods production and the volume of retail trade turnover by a further R3 billion.

The market resources envisaged in the draft plan make it possible to satisfy the population's demand for many kinds of food products. At the same time difficulties are still occurring in providing the population with meat and meat products. Union republic councils of ministers, the USSR Ministry of Agriculture, the USSR Ministry of the Meat and Dairy Industry, and the Tsentrosoyuz must formulate and implement additional measures to increase resources of meat and dairy products and trade turnover.

Market resources of fish and fish products will increase 4.8 percent. The USSR Ministry of the Fish Industry, USSR Ministry of Trade, and the Tsentrosoyuz should further improve the trade in fish products and increase production of flaked [razdelanny], smoked, and dried fish and semiprepared fish products and culinary foods.

There will be a considerable increase in sales to the population of a number of nonfood products, particularly clocks and watches, carpets, cameras, refrigerators, washing machines, china and earthenware crockery, and other cultural and household products and domestic appliances.

The plan provides for the further development of the services sphere. The volumes of services available for sale will increase 5.6 percent to R27.2 billion. Faster growth is planned for the sale of consumer services. They will increase 8.5 percent, including a 10.6 percent increase in rural localities. In addition to increasing the volume of consumer services, union republic ministries for the provision of consumer services to the population and the local soviets of working people's deputies must raise the quality and standard of services and reduce the time taken to meet orders from the population.

An extensive housing construction program will be implemented in 1978. A total of 110.1 million square meters of housing will be built from all sources of finance, including 80.1 million square meters financed by state capital investments, which is more than the five-year plan targets for this year. The planned level of commissioning of housing will make it possible to increase the apartment area available per urban inhabitant to 12.4 square meters compared to 11.9 square meters at the beginning of the five-year plan. Housing conditions will be improved for more than 10 million people.

It is planned to commission new water, sewage, heat and gas systems and to continue the construction of hotels, bridges, and other municipal projects.

The educational enlightenment system [prosveshcheniye], higher, secondary specialized, and vocational and technical education, and culture will be further developed. The number of children attending preschool establishments, including on kolkhozes, will increase to 13.4 million by the end of 1978. State funds will finance the construction of preschool establishments for 507,000 children and general educational schools for 1.2 million students--more than half of these in rural localities.

The plan maps out a further increase and improvement in the training of specialists with higher and secondary specialized education with preferential growth in the training of cadres for the most important and short-staffed specialties. It is planned to admit 2.5 million people to VUZes and technical colleges; approximately 2 million specialists with higher and secondary specialized education will be trained.

The public health system will develop taking account of the measures envisaged by the CPSU Central Committee and USSR Council of Ministers resolution "On measures to further improve the public health system." The number of beds in hospitals will total 3.2 million by the end of

1978, and the total number of doctors will reach 919,000. The construction of sanatoriums, rest homes, tourist centers, hotels, campsites, and so forth will be continued. An 8.3 percent increase in medical industry production is envisaged. Production of effective medicines and medical equipment will increase, and the production of a large number of new products will be started.

#### Nature Protection and the Rational Use of Natural Resources

The plan for 1978 fixes targets for the USSR ministries and departments and the union republic councils of ministers for a wide range of measures aimed at strengthening nature protection and making rational use of natural resources.

It is planned to commission sewage purification stations with a capacity of 6.4 million cubic meters per day and circulating water supply systems with a capacity of about 23 million cubic meters per day--something which will make it possible to reduce the discharge of untreated sewage by up to 10 percent by comparison with 1977 and to reduce the proportional consumption of fresh water for production purposes.

Water conservation construction will be carried out in the basins of the Black, Azov, Baltic and Caspian seas and also in a number of river basins in accordance with the targets established by the CPSU Central Committee and USSR Council of Ministers resolutions on preventing the pollution of water sources in these important regions of the country.

It is planned to introduce new technological processes and cleaning equipment which will considerably reduce the discharge of harmful substances into the atmosphere. For instance, 56,400 tons of gas-scrubbing equipment will be manufactured. It is planned to further increase the degree to which minerals are recovered from resources in extraction and to which valuable components are recovered in the processing of mineral raw materials. The utilization of mining production waste for national economic purposes is being considerably improved. Targets for the rational and comprehensive recovery of mineral raw materials have been established for the most important basins, deposits and mining enterprises.

Overall, R2 billion of state capital investments is being channeled into carrying out measures for nature protection and the rational utilization of natural resources in 1978 in the USSR national economy. Moreover, considerable capital investments are going toward improving the technological processes of industrial production which insure a substantial reduction in environmental pollution.

## The Siting of Productive Forces and the Development of the Union Republics

Comrade deputies, the plan for 1978 envisages the further economic and social development of all the union republics. The materials which you have cited fairly detailed indicators characterizing the development of the economy and the rise in the population's living standards in each union republic.

And so allow me to dwell on only a few questions of the plan for the union republics.

In the RSFSR it is planned to build up capacities for gas extraction and processing in Orenburgskaya Oblast, and to develop a territorial production complex on the base of the mineral resources of the Kursk magnetic anomaly. Iron ore extraction there will be raised to 41.2 million tons and the construction of the Oskolskiy electrometallurgical combine will be developed more widely. Complexes of chemical and petrochemical enterprises are being constructed in Nizhnekamsk, Tolyatti, and Balakovo.

The construction and expansion of the Leningrad, Voronezh, Kursk, Kalinin, Smolensk and Kola AES will be continued with a view to reducing the consumption of petroleum products and natural gas for power purposes. It is planned to commission two 1-million kilowatt power blocks in 1978 at the Voronezh and Kursk AES.

Accelerated development of the productive forces of eastern regions of the RSFSR is planned. Work is being extensively carried out there for the further formation of:

--A major territorial production complex in West Siberia where more than 250 million tons of oil and more than 97 billion cubic meters of gas will be extracted in 1978;

--The Sayanskiy territorial production complex with the construction of the Sayanskiy GES, the Sayanskiy aluminum plant, a nonferrous metal working plant in Tuim, the Abakan railroad car construction plant, electrical engineering industry enterprises in the city of Minusinsk and other enterprises;

--The Bratsk-Ust-Ilimsk territorial production complex with the construction of the Ust-Ilimsk GES and a large timber industry complex;

--The South Yakutia coal complex.

The Kolymskiy and Zeyskiy GES's, the Achinskiy oil refinery, the Krasnoyarsk aluminum plant and the Baykal-Amur main railroad are being constructed.

The power industry, the oil-refining industry, machine building and the microbiological industry will develop at a high rate in the Ukrainian SSR. It is planned to insure the increase in oil refining there by making fuller use of the capacities in the Lisichansk oil refinery and starting up new capacities at the Kremenchug oil refinery.

The construction of the Chernobyl, Rovenskiy and South Ukrainian AES's and the preparatory work on the construction sites of the Khmel'nitskiy, Zaporozhe and Aktash AES will continue. A 1-million-kilowatt power block will be commissioned at the Chernobyl nuclear power station.

In the Belorussian SSR the chemical and petrochemical industries, machine building and metalworking will develop at increasing preferential rates. Industrial output growth is being insured by making better use of existing, and starting up new, production capacities.

In the Kazakh SSR the power industry, machine building and metalworking and the petrochemicals, chemical and mixed fodder industries will undergo increasing preferential development. It is planned to further develop the Ekibastuz fuel and power complex. Coal production there will rise to 57 million tons--an increase of 14 percent by comparison with 1977. The construction of the Ekibastuz GRES-1 with a planned capacity of 4 million kilowatts will be continued and it is planned to commission 500 kilovolt power transmission lines (first circuit) between Ekibastuz and Temirtau and other projects.

In the Moldavian SSR the meat and dairy and chemical industries and machine building--primarily for livestock raising and fodder production--will develop at a high rate. At the same time the republic's food industry will experience considerable difficulties as a result of the loss of vines in the winter of 1976-1977 and the early frosts in September of this year.

In the Baltic republics a number of machine-building sectors will develop at increasing preferential rates in 1978. The Ignalino AES is a major construction project there.

High development rates in the power industry and the production of certain types of chemical output and consumer goods are planned for the Transcaucasian union republics in 1978. Output of machine building and other sectors of industry will rise. The further rapid development of viticulture is planned.

Most sectors of industry will be developed in the Central Asian republics. The formation of the South Tadzhik territorial production complex will be continued. As is well known, in the last few years the Central Asian republics have achieved considerable successes in cultivating cotton. However, the republics' potential is not exhausted and a further increase in the production of this valuable crop is planned there.

Moreover, vegetable and fruit growing, sheep farming, including Astrakhan sheep farming, and also silkworm production will be developed in these republics.

Considerable municipal and sociocultural construction will be carried out in all the union republics in 1978.

#### Foreign Economic Ties

Comrade deputies, economic ties with foreign countries are acquiring ever greater importance for the development of the Soviet economy. The Soviet Union's trade turnover has already for a number of years been growing more quickly than the volume of the social product. In 1978 the foreign trade turnover is intended to increase by 10 percent.

Our main foreign trade partners are the socialist countries and in particular the CEMA member countries. In 1978 the socialist countries' share in the Soviet Union's foreign trade will increase and reach almost 59 percent. The plan for the export and import of goods, and also the development of integration and specialization with the CEMA member countries has been worked out on the basis of planned coordination between the USSR and these countries for the present five-year plan.

In accordance with the measures outlined for integration and specialization, in 1978 the fulfillment of a large amount of work on constructing the gas pipeline between Orenburg and the USSR's western border and other projects of the Orenburg gas condensate complex are envisaged. It is planned to commission a considerable proportion of this gas pipeline. Work is continuing on the Dnepr mining and enriching combine, the Yermak ferroalloy plant and the Ust-Ilima timber industry complex which is being constructed with the participation of the CEMA member countries. It is essential that the ministries and departments insure strict observance of the time of commissioning the units erected on the basis of socialist integration.

In its turn the Soviet Union will take part in creating a number of enterprises in the CEMA member countries, and in particular work on the "Erdenet" enterprise in the Mongolian People's Republic, and a number of projects in other countries are also envisaged.

Work is continuing on creating the same specifications for the USSR and CEMA member countries, which is a new step in the development of the specialization and cooperativization of industry.

In 1978 the USSR's foreign economic ties with the developing countries will be developed further. These countries will be supplied with machinery and equipment and given technical assistance in the development of many branches of their economy. The Soviet Union will receive from these countries the produce from their national industry and agriculture and also traditional export goods.

The volume of foreign trade with developed capitalist countries is increasing: France, Finland, Italy, Japan, the United States, the FRG and others. These countries will supply equipment, including by agreements on a compensation basis, for the development of the timber and paper and pulp, the chemical, gas and oil industry and ferrous and non-ferrous metallurgy. In accordance with the agreements concluded, in exchange for the equipment purchased we will supply a part of the produce of enterprises erected on a compensation basis.

In 1978 the sale of engineering products, to capitalist countries, including cars, machine tools, energy producing and other equipment, will increase. The sale of Soviet licenses on the use of inventions and technical production processes of various types of machinery and equipment will be extended.

Taking into account the ever-increasing role of foreign trade, it is essential that the ministries and departments accelerate the construction of enterprises erected on a compensation basis, insure strict observance of the time and conditions for the delivery of products to foreign markets and seek new goods for export.

Comrade delegates, the 1978 plan presented for your examination provides for a further growth of the country's economy and for raising the people's well-being. The growth rates of the main indicators are determined by proceeding from the existing resources and taking into account their most efficient utilization.

It must be stressed that our economy has large reserves whose use will make it possible to accelerate the growth rates of the economy and not only fulfill but overfulfill the 1978 plan.

The achievement of these targets must be primarily based on acceleration of scientific and technical progress, improvement of planning and management and intensification of the level of organization and order in every management link and at every work place.

It is essential that the ministries and union republics fully implement the measures on fulfilling the progressive directions, improving the use of production power, strengthening the economy regime, bringing to light and using all interproduction reserves, achieving the elimination of "bottlenecks" in the development of individual production and sectors of industry and increasing our resources for accelerating the development of the economy.

One of the important conditions of fulfilling the 1978 plan is strengthening state plan discipline and insuring plan fulfillment by every enterprise and site. It is necessary to spread widely the experience of leading collectives which achieve on the basis of good production organization the fulfillment and overfulfillment of the plan on all indicators,

to develop in every way possible socialist competition for insuring high growth rates of labor productivity and insuring the quality of produce and the use of potentials and for economizing material resources.

The need to implement these measures is dictated by the entire progress of the fulfillment of the 10th Five-Year Plan and by the targets stemming from our party's economic strategy, the decision of the CPSU Central Committee December plenum and the main questions of the economy's development put forward in the reports and speeches of Comrade Leonid Ilich Brezhnev, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium.

Allow me to express confidence that in 1978 our country's working people will achieve new successes in all sectors of communist building and insure the fulfillment and overfulfillment of plans for the third year of the 10th Five-Year Plan.

CSO: 1800

- END -